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Concept For an Alberta Tar Sands Develop
ment Authority or Task Force. June 1



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Programs Coordinator



ALBERTA TAR SANDS
DEVELOPMENT AUTHORITY

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MEMORANDUM

Alberta
FROM: Mr. R. G. McFarlane
Deputy Minister
Office of Program Co-ordination

OUR FILE NO.:

YOUR FILE NO.:

TO: Hon. Don R. Getty
Minister of Federal and
Intergovernmental Affairs

DATE: June 22, 1973

Re: A Concept for an Alberta Tar Sands
Development Authority or Task Force

Attached is a proposed conceptual plan regarding the establishment of an Alberta Tar Sands Development Authority.

Following our discussions and having regard for the fact that the development of the Tar Sands Authority may not be acceptable at this time, I am also submitting, as Concept "B", the organizational structure of an Alberta Tar Sands Development Task Force. This Task Force would be set up under this office and would of necessity treat as urgent the assembly of the necessary departmental expertise for the development of a further paper. Because of the priority I believe is attached to this project, it would be necessary that the respective Ministers concerned clearly understand their departmental representatives would be accepting a full-time commitment until the task is completed.

This office favors Concept "A" because of the multitude of departments that will be involved in getting together an effective Task Force, whereas with the development of an Authority, one person could be identified for a group of like or common items who would have access to the various departments for the solution of one problem. For example,

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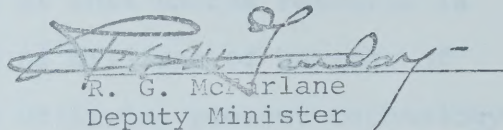
Hon. Don R. Getty

- 2 -

June 22, 1973

the Departments of Environment, Lands and Forests, Mines and Minerals and Municipal Affairs have major involvements in the issuance of permits.

Concept "A" provides the cross-departmental representation that is necessary in order to resolve immediate and continuing problems in the Tar Sands Area and endorses the one-window concept, while retaining a manageable size.


R. G. McFarlane
Deputy Minister

Attachment

CONCEPT

ALBERTA TAR SANDS DEVELOPMENT AUTHORITY

The Government of Alberta, in reviewing policy decisions relative to the energy resources in the Province, has recognized the potential impact of important decisions pertaining to the present and future development of the vast tar sands deposits. With the current and projected market demand for hydrocarbons, increasing strong pressure for the rapid, commercial exploitation of this unique resource is being created. The attraction of billions of barrels of bitumen, which are recoverable utilizing present technology and which are relatively close to existing distribution systems, is easily understood.

Background

The Alberta Tar Sands industry is still in the early stages of development with one commercial plant having operated for five years and a second plant granted a conditional permit by the Government. The potential magnitude of the tar sands industry challenges the imagination. Estimates based upon demands for petroleum feedstocks, indicate a possible need for several additional plants within the next fifteen years. The direct capital investment in these industrial units - each comprising a bitumen recovery unit, a bitumen upgrading unit and a power house - could amount to \$5,000 million, resulting in approximately 10,000 permanent new industry jobs. Considering the additional possibilities of secondary industry, this represents extensive and attractive new opportunities for employment and investment.



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The extent to which Albertans and Canadians will benefit from this development will largely depend upon sound Government strategy and planning. Most of the existing Government policies and regulations for the tar sands represent an adaptation of those devised for the conventional oil industry. These will require thorough review, with modifications to accommodate the unique features of the tar sands industry. Many Provincial Government departments and agencies are currently involved in various aspects of the tar sand development. Their inputs will continue to be essential; however, there is an urgent need for co-ordination and direction of Government activities specific to the industry.

Need for Action

In recognizing the importance of this immense source of hydrocarbon materials, the Government asked the Conservation and Utilization Committee to undertake a preliminary study. The resulting report, entitled "Fort McMurray - Athabasca Tar Sands Development Strategy" was submitted to Executive Council in August of last year. Subsequently, the Office of Program Co-ordination was requested to design a definitive program for accomplishing the Government's objectives in the management of the Alberta Tar Sands. This paper outlines the proposed steps to be taken in designing and implementing an Alberta Tar Sands Development Authority.

The need for a co-ordinated approach to the development of the tar sands utilizing such a vehicle can be demonstrated by the numbers of interested parties involved, the complexities of these interests and the wide ramifications of decisions that are made. There are continuing decisions to be made relative to leasing, plant emissions, water requirements and dispersion, phasing of plants, housing and commercial requirements and locations, Alberta content in purchasing practices, Alberta participation as investors, training programs required, and many more. The need for the Authority, in short, is to ensure the orderly development of the Oil Sands to optimize the benefits to Albertans and other Canadians in choosing from a wide range of alternative courses of action available, as well as providing the possibility of a one-window approach to the industry.

Terms of Reference

It is recommended that the Alberta Government establish an "Alberta Tar Sands Development Authority" having the responsibility to:

- direct the orderly development of Alberta's tar sands industry so as to optimize the benefits to Albertans and other Canadians.
- co-ordinate the functions of Provincial Government Departments and agencies pertinent to the tar sands development.

- maximize the career and business opportunities for Albertans and other Canadians relative to the tar sands development.

- direct the preparation of an industrial development plan and related technical research.

- co-ordinate regional planning involving community development, housing, transportation and public services.

- provide the required access to industry in establishing the two-way communications between government and industry which will be so necessary.

During the conceptual and organizational stages, the Authority would be the responsibility of the Office of Program Co-ordination with this reporting relationship being adjusted when the Authority becomes operational. It is visualized that the Authority would be headed by a Chairman and several Directors who would assume the responsibility for field representatives located in the tar sands area. The attached organizational chart "A" outlines this concept. It includes the establishment of an Advisory Committee made up of both government and industry representatives and illustrates the role of the Office of Program Co-ordination as phasing out at the implementation stage. At this time, the Chairman is shown reporting to the Cabinet Committee; however, this could as well be a direct reporting line to a Minister.

The funding requirements for the Authority would not be large due to the size of the groups, the utilization of existing government resources and the cost sharing aspects it is anticipated industry will be favourable towards. This latter point is demonstrated by a group of sixteen leaseholders who have already agreed to share research data gathered in a co-ordinated way. This group includes both Syncrude and Great Canadian Oil Sands.

Action Required

In order to begin work towards the eventual implementation of an Alberta Tar Sands Development Authority, it is recommended that:

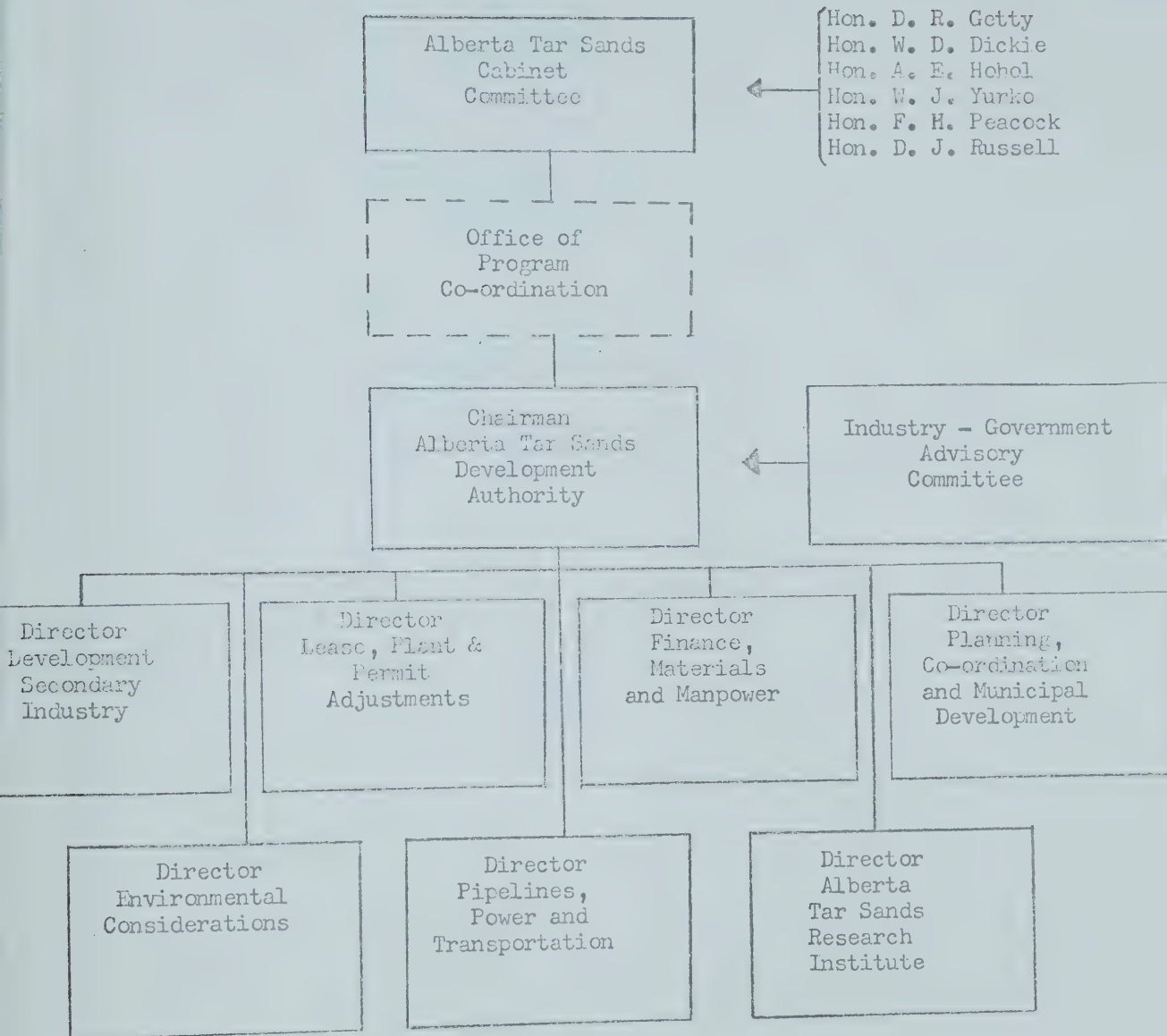
- the Office of Program Co-ordination be given the responsibility to develop the framework for the Authority which would be presented to and reviewed by the Finance and Priorities Committee prior to its final implementation.

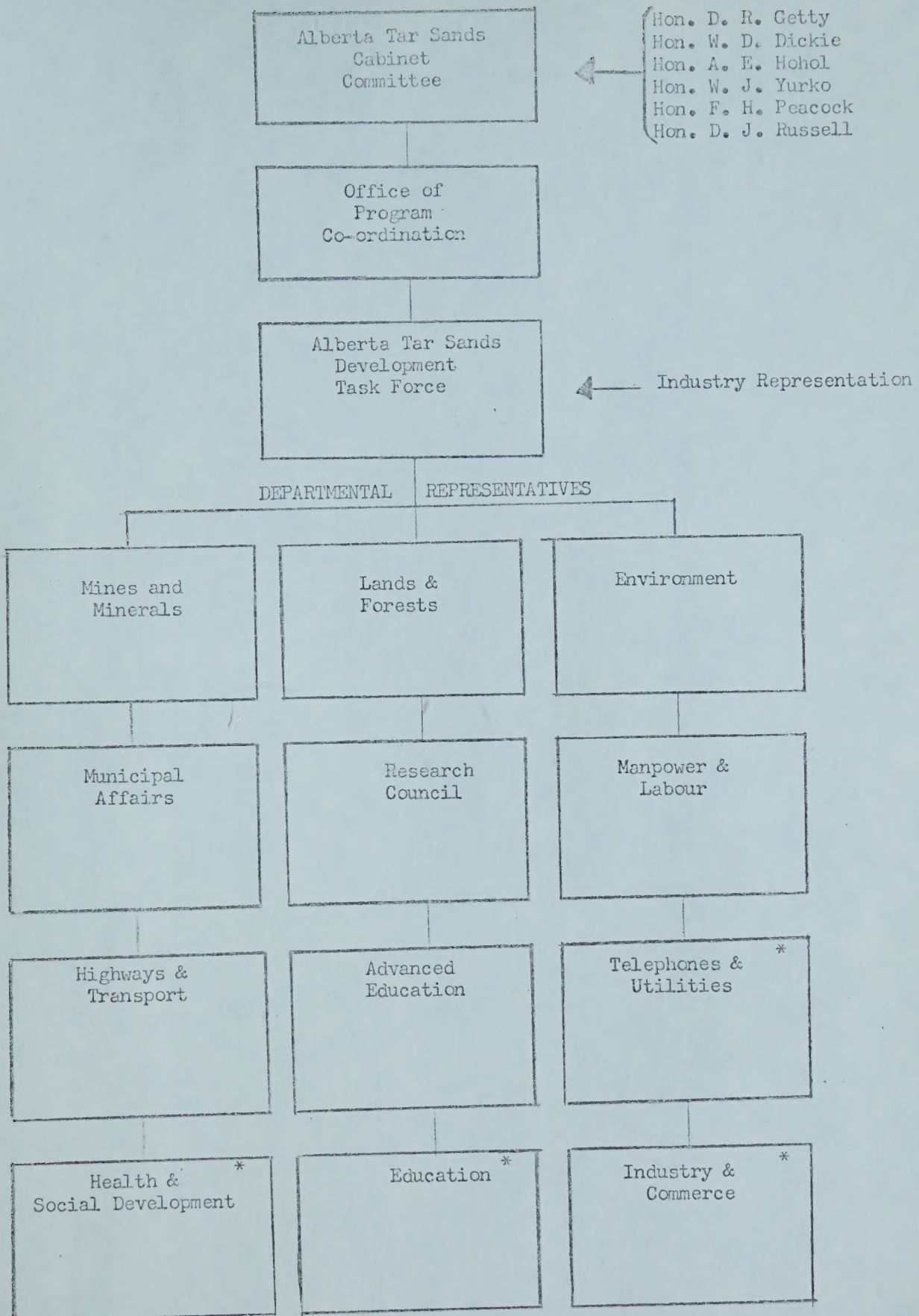
- the appointment of a continuing Chairman of the Authority be made immediately in order to work with the Office of Program Co-ordination in developing the Authority. This would involve meetings with both government department and industry representatives in order to make a complete assessment of requirements.

- the approval be given for the development of a complete budgetary, staffing and organizational package for the Alberta Tar Sands Development Authority.

- the preparation of enabling legislation begin immediately so as to ensure presentation of the appropriate Act during the first sitting of the next session of the legislature.

CONCEPT "A"





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